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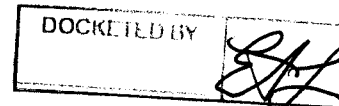
BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO. W-03514A-13-0111

Arizona Corporation Commission
DOCKETED

MAR 10 2014



IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE OF
INDEBTEDNESS IN AN AMOUNT NOT TO
EXCEED \$1,238,000 IN CONNECTION
WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS

DOCKET NO. W-03514A-13-0142

INITIAL CLOSING BRIEF OF
INTERVENOR WILLIAM SHEPPARD

William Sheppard, Intervenor, hereby files his closing brief in the above-captioned matter.

I. Introduction

Payson Water Co., Inc. ("PWC") is a Class C water company, which operates a number of water systems in the Payson, Arizona area. Intervenor has a part-time home in Geronimo Estates which is one of the communities served by PWC. PWC brought an application to increase its usage fees on April 22, 2013 and it requested an increase in the amount of approximately 118%. This is the first application for an increase brought by PWC or its predecessors-in-interest since 2000. Intervenor, Sheppard, makes two points in this closing brief.

II. Lack of Notice

The notice for the application was deficient and the case cannot proceed. The cross-examination testimony of Intervenor Suzanne Nee established that she had received the notice of this application in a plain envelope bearing a return address which has no correlation to any address utilized by PWC.¹ In fact, she almost threw the notice away thinking it was junk mail.²

All of the notices were sent out in this fashion.³ While the Intervenor in this case certainly did eventually receive notice, there is no way of knowing how many other persons will be affected by this water rate increase received no notice at all. The mere deposit of a notice in the mail is generally not sufficient to bind a person who does not receive it. *Windom v. William C. Unjerer, W.C.*, 903 A.2nd 276 (Del. 2006). Since the notice was deficient, this application should be denied and PWC should be directed to re-file its application giving proper notice.

III. Detrimental Impact on Rate Payers

There has been no consideration in this case of what affect an increase of 120% will have on the rate payers. In the undisputed cross-examination testimony of Intervenor Kathy Reidhead, Intervenor Todd Bremer and Intervenor Suzanne Nee, there was evidence that a number of residents living in the affected areas are living at or near the poverty level and cannot afford such a significant increase.⁴ In the Arizona Supreme Court case of *Arizona Community Action Ass'n v. Arizona Corp. Commission*, 123 Ariz. 228, 599 P.2d 184 (1979) the Arizona Supreme Court held that in determining what is a reasonable price to be charged for services by a

¹ TR. Vol. III at 528: 15-25; 529: 1-5

Ex. S-1 at 18, Nee Cross-X: TR. Vol. III at 528

² TR. Vol. III at 529: 6-25

³ TR. Vol. III at 529: 20-25

⁴ TR. Vol. III at 530: 2-10

TR. Vol. III at 567: 7-21

TR. Vol. III at 479: 11-25; 480: 1-11

1 public-service corporation, an examination must be made not only from the point of view of the
2 corporation, but from that of the one served, also. A reasonable rate is not one ascertained solely
3 from considering the bearing of the facts upon the profits of the corporation. The effect of the
4 rate upon persons to whom services are rendered is as deep a concern in the fixing thereof as is
5 the effect upon the stockholders or bondholders. A reasonable rate is one which is a fair as
6 possible to all whose interests are involved. Yet neither staff nor the PWC have conducted any
7 surveys or any analysis to determine whether not these fees will have a negative effect on the
8 rate payers in this case. Moreover, in the cross-examination of the Mr. Williamson, the President
9 of PWC, he callously contended that if the rate payers couldn't pay these rates, they should
10 move.⁵

11 It is true that there has been no increase in the last 12 years of the water rates.
12 That is not the fault of Mr. Williamson, since he is a new owner of the company. However, it is
13 certainly not the fault of the rate payers either. They should not be expected to shoulder this
14 enormous financial burden. Rather, any increase should be gradual and adjusted every few
15 years.

16 **IV. Conclusion**

17 For all the forgoing reasons, Intervenor requests this rate increase be denied.
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⁵ TR. Vol. II at 372: 3-19

1 RESPECTFULLY SUBMITTED this 10th day of March, 2014.

2
3
4 By 

5 William Sheppard
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8 Intervenor

9 **ORIGINAL** and thirteen (13) copies of
10 the foregoing were filed this 10th day of
11 March, 2014, with:

12 Docket Control
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14 1200 W. Washington Street
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16 **COPY** of the foregoing was mailed this
17 10th day of March, 2014 to:

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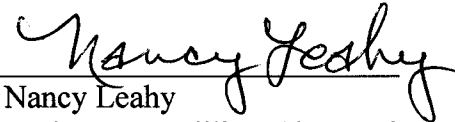
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